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Michigan MI-1040

Additions and Subtractions

Schedule 1

If you have additions to or subtractions from your adjusted gross income as reported on your U.S. *1040*, *1040A* or *1040EZ* you must complete *MI-1040 Schedule 1* and attach it behind your MI-1040 form.

Please **separate** your MI-1040 and MI-1040 Schedule 1 at the perforation. Assemble your returns and attachments and staple in the upper left corner. A sequence number is printed in the upper right corner of the following forms to help you assemble them in the correct order behind your MI-1040 form.

- MI-1040 Schedule 1
- Direct Deposit of Refund (3174)
- Nonresident and part-year resident (Schedule NR)
- Farmland credit (MI-1040CR-5)
- Property tax credit (MI-1040CR or MI-1040CR-2)
- College tuition credit (Schedule CT)
- Federal schedules (see Table 1 on page 8 of the MI-1040 instruction booklet)
- Schedule of Apportionment (MI-1040H)

Important News for 2000

Pensions

For tax year 2000, pension benefits included in adjusted gross income (AGI) from a private pension system or an IRA are deductible to a maximum of \$34,920 on a single return or \$69,840 on a joint return.

Senior citizens age 65 or older may deduct part of their interest, dividends and capital gains that are included in AGI. For 2000, the dividend, interest and capital gains deduction is limited to a maximum of \$7,785 on a single return or \$15,570 on a joint return, and must be reduced by the pension subtraction.

Michigan Education Savings Program (MESP)

For tax years that begin after December 31, 1999, deduct, to the extent not deducted in determining adjusted gross income, the following:

- The total of all contributions made on and after October 1, 2000 by the taxpayer in the tax year to accounts established through the MESP. The deduction may not exceed \$5,000 for single filers or \$10,000 for joint filers per tax year. A deduction is not allowed for contributions to an education

savings account if a withdrawal has been made from that account in the current or any previous tax year.

- The amount of a distribution from individual retirement accounts that qualify under section 408 of the internal revenue code if the distribution is used to pay qualified higher education expenses as defined in the Michigan Education Savings Program Act.

During fiscal year 2000-2001 (October 1, 2000 - September 30, 2001), the funds appropriated for the MESP shall be used to provide \$1.00 of matching funds for each \$3.00 of individual contributions up to a maximum state match for each beneficiary of \$200. The state match only applies to dollars invested on behalf of each child named as a designated beneficiary who is 6 years old or less, who is a Michigan resident, and whose family's annual income is \$80,000 or less.

Use Tax

You may pay use tax that you owe for the 2000 tax year on your 2000 MI-1040, line 28. See page 11 for more information on the use tax.

If you have questions call 1-800-487-7000. **Deaf, hearing or speech impaired persons** should call 517-373-9419 (TTY) for assistance. Information and forms are also available on our Web site at

www.treasury.state.mi.us